

No.11/ 14 /DPM

Jakarta, May 18, 2009

CIRCULAR LETTER

To

ALL COMMERCIAL BANKS

AND

NON-BANK CUSTODIAN INSTITUTIONS IN INDONESIA

Subject : Amendment to Circular Letter of Bank Indonesia number 10/29/DPM dated September 2, 2008 regarding the Procedures for the Submission of Applications, Reporting, and Supervision of Sub-Registry

In relation to the implementation of the Information System of Bank Indonesia - Scripless Securities Settlement System, it is necessary to amend Circular Letter of Bank Indonesia Number 10/29/DPM Dated September 2, 2008 regarding the Procedures for the Submission of Applications, Reporting and Supervision of Sub-Registry which is the implementing regulation of Bank Indonesia Regulation Number 10/2/PBI/2008 dated February 4, 2008 regarding Bank Indonesia - Scripless Securities Settlement System (State Gazette of the Republic of Indonesia Year 2008 Number 11, Supplement to the State Gazette of the Republic of Indonesia Number 4809), as follows:

1. The provisions of Chapter I are changed by adding 1 (one) point, namely point I.14 which reads as follows:
 14. BI-SSSS Information System is a system provided by Bank Indonesia to *Sub-Registry* as a facility for reporting and reconciling BI-SSSS data in relation to the administration of individual customers

2. The provision of point IV.A. is changed so as to read as follows:
 - A. Implementation of Duties of Sub-Registry
 1. Implementing Commercial Paper transactions for and in the name of the customers;
 2. Recording the ownership and changes of ownership of Commercial Papers in the name of the customers independently from the assets of Sub-Registry;
 3. Maintaining Commercial Paper Account other than for and in the name the Sub-Registry, its Administrators and Management;
 4. Delivering the evidence of Commercial Paper recording to the customers, which includes, among other things, the final balance of Commercial Paper Account each containing the serial number of the Commercial Paper and changes to the records of Commercial Paper ownership, including the recording of Commercial Papers transacted by repo and mortgaged to other parties;
 5. Delivering the evidence of mortgage recording for mortgagees;
 6. Recording the Commercial Papers at the time of issuance in the name of the customers;
 7. Making payments of coupons (interest) or compensation and principal/nominal value of Commercial Papers when due to the customers possessing the Commercial Papers in accordance with the recording in the internal system of the Sub-Registry;
 8. Making deductions and tax administration of discounts, capital gain and coupons (interest) or compensation of

Commercial Papers in the name of the customers in accordance with applicable tax regulations;

9. Guaranteeing accurate records and reports of Commercial Paper ownership in the name of all customers in accordance with the total balance in the Commercial Paper Account (omnibus account) in the Central Registry;
10. Settling the issues of different recordings of Commercial Paper ownership between the Sub-Registry and the customers;
11. Meeting the value of Commercial Paper ownership recorded in the minimum amount of Rp500,000,000,000.00 (five hundred billion Rupiah) for the last 12 (twelve) months;
12. Keeping the position of KPMM for the Custodian Bank or paid-in capital for Non-Bank Custodian Institution not below the position of KPMM or paid-in capital in accordance with applicable provisions for 3 (three) months consecutively.

3. The provision of point IV.B is changed, so as to read as follows:

B. Reporting Obligation

1. Report Types

The Sub-Registry shall be obligated to submit the following reports to Bank Indonesia - Central Registry:

- a) Daily Reports on Commercial paper transaction settlement information containing the changes to the Commercial Paper records among individual customers in the same Sub-Registry;
- b) Reports on the results of Commercial Paper issuance transactions and buyback/debt switching transactions not conducted through BI-SSSS;

- c) Monthly Reports on the Commercial Paper Ownership Position in the name of individual customers in the Sub-Registry as per the example in Attachment 2;
- d) Annual Report in the form of Sub-Registry business plan for the next year, which includes, among other things, the Commercial Paper Administration target, service improvement plan, and internal administration system development plan;
- e) Reports on the changes to Sub-Registry Administrators and/or Sub-Registry Management;
- f) Reports on the results of audit by an independent auditor regarding the security of the Commercial Paper recording system in a scripless manner;
- g) Reports on the results of audit (in the form of photocopies) from the Custodian supervisory authority on the security of the Commercial Paper recording system in a scripless manner, in the absence of audit by an independent auditor for a period of the relevant year; and
- h) Other reports as requested by Bank Indonesia.

2. Procedures for the Submission of Reports

The reports as intended in point 1 shall be submitted to:

Bank Indonesia-Directorate of Monetary Management

cq. Monetary Management Transaction Settlement
Department

Menara Sjafruddin Prawiranegara 11th Floor

Jl. M.H. Thamrin No. 2

Jakarta 10350

with the following provisions:

- a) Daily Reports shall be submitted through BI-SSSS on the same day of the date of changes to the individual ownership records in the Sub-Registry recording system.

The procedures for the submission of Daily Reports shall refer to the Guidelines on the Submission of Sub-Registry Reports as per Attachment 3.

In the event that the Sub-Registry cannot submit a Daily Report through BI-SSSS, the Sub-Registry may submit the Daily Report through BI-SSSS or other facilities by prior written notice to Bank Indonesia explaining the cause for the failure to deliver the report through BI-SSSS.

- b) Reports on the results of Commercial Paper issuance transactions and *buyback/debt switching* transactions not conducted through BI-SSSS shall be submitted on the same day of the date of transaction settlement through BI-SSSS Information System.
- c) Monthly Reports shall be submitted by no later than 2 (two) business days after the end of a month by e-mail facility to the email address Sub_Reg_BI-SSSS@bi.go.id.
- d) Annual Reports constituting business plan reports of Sub-Registry in the next year shall be submitted by no later than 1 (one) month after the end of a calendar year.
- e) Reports on the changes to Sub-Registry Administrators and/or Sub-Registry Management shall be submitted by no later than 7 (seven) business days after the changes.

- f) Reports on the results of audit by an independent auditor regarding the security of the Commercial Paper recording system in a scripless manner shall be submitted by no later than 1 (one) month as from the report date.
- g) Photocopies of the reports on the results of audit from the Custodian supervisory authority on the security of the Commercial Paper recording system in a scripless manner shall be submitted by no later than 1 (one) month as from the report date.
- h) Other reports shall be submitted in accordance with the period stipulated in the notification of Bank Indonesia.

3. Procedures for Using BI-SSSS Information System

- a) Requirements for the Use of BI-SSSS Information System

In the event that the application to be a Sub-Registry is approved and it has become a Participant, the Sub-Registry shall submit a request in order to be able to use BI-SSSS Information System with the following procedures:

- 1) The Sub-Registry must provide communication networks in the form of leased line or dial up network to be able to access BI-SSSS Information System.
- 2) In the event that the communication network is in the form of leased line network, the Sub-Registry may use the leased line network used for reporting to Bank Indonesia (extra net) for example Commercial Bank Daily Report

(LHBU) or Commercial Bank Regular Report (LBBU).

- 3) The Sub-Registry shall submit a letter of request for access to BI-SSSS Information System to Bank Indonesia at the following address:

Bank Indonesia-Directorate of Monetary Management

cq. Monetary Management Transaction Implementation Department

Menara Sjafruddin Prawiranegara, 11th Floor

Jl. M.H. Thamrin No.2

Jakarta 10350

- 4) The letter of request as intended in point 3) shall be accompanied with the data of users to be given access to use BI-SSSS Information System.

- 5) Based on the application intended in point 3), Bank Indonesia shall give access to the Sub-Registry with the following provisions:

- (a) user-ID and password for secure login to the network of Bank Indonesia for dial up access; and

- (b) at least 2 (two) Operator user-ID and 2 (two) Supervisor user-ID along with the password for secure use of BI-SSSS Information System application.

- b) Use of BI-SSSS Information System

- 1) The Sub-Registry shall be responsible for the use and security of BI-SSSS Information System.
 - 2) The Sub-Registry shall provide internal provisions in the use of BI-SSSS Information System, among other things, to give access to and security of the use of BI-SSSS Information System application from unauthorized parties.
 - 3) The Sub-Registry shall reconcile on a daily basis the settlement data which has been reported to the Central Registry with the transaction settlement data existing in the Sub-Registry to guarantee the truth or report data submitted to the Central Registry.
 - 4) The Sub-Registry shall correct the reporting data through BI-SSSS Information System, in the event of any mistakes in the report as intended in point 1.a) and point 1.b).
- c) User Management
- 1) The management of user-ID and password for accessing the network of Bank Indonesia and BI-SSSS Information System application shall be performed by Bank Indonesia.
 - 2) In the event that of any change of user who will access the network of Bank Indonesia and BI-SSSS Information System application, the Sub-Registry shall inform the intended change to Bank Indonesia by a letter for the change of user-ID and password to be made.

3) In the event that the Sub-Registry cannot access the network of Bank Indonesia or BI-SSSS Information System application due to a password error, the Sub-Registry may request for password reset to Bank Indonesia.

4) The request for the change of user-ID, password and/or reset password as intended in point 2) and point 3) shall be submitted by the Sub-Registry in writing to:

Bank Indonesia–Directorate of Monetary Management

cq. Monetary Management Transaction Settlement Department

Menara Sjafruddin Prawiranegara, 11th Floor

Jl. M.H. Thamrin No.2

Jakarta 10350

4. The provision of point V.7 is changed so as to read as follows:

7. Based on the supervision results, the Sub-Registry shall be obligated to follow up the finding results, as follows:

a. The Sub-Registry which has not performed its obligation and/or which has made an error in performing the duties and/or reporting as intended in point IV.A and point IV.B shall be obligated to:

1) perform the reporting obligation with correct data or make corrections with correct data with respect to the Daily Report as intended in point IV.B.1.a)

and the results of the report on Commercial Paper issuance transactions and buyback/debt switching transactions not conducted through BI-SSSS as intended in point IV.B.1.b), by no later than 2 (two) business days as from the date of notification of the finding results by Bank Indonesia as intended in point 6; and/or

- 2) fulfill the obligation to perform the duties as intended in point IV.A.1 up to point IV.A.10, or perform the reporting obligation with correct data as intended in point IV.B.1.c) up to point IV.B.1.h), by no later than 5 (five) business days as from the date of notification of the finding results by Bank Indonesia; and/or
 - 3) make corrections of the errors in the report with correct data with respect to the Monthly Report and other reports as requested by Bank Indonesia, by no later than 5 (five) business days as from the date of notification of the finding results by Bank Indonesia.
- b. The Sub-Registry not meeting the requirement of minimum average monthly amount of recorded ownership of Commercial Paper of Rp500,000,000,000.00 (five hundred billion

Rupiah) in the last 12 (twelve) months as intended in point IV.A.11 and meeting the requirements as a Sub-Registry as intended in point IV.C in relation to the requirements as intended in point II.6 up to point II.9, shall be obligated to make an action plan in the context of fulfilling the intended requirements, with the following provisions:

- 1) The action plan shall be submitted to Bank Indonesia-Central Registry by no later than 10 (ten) business days as from the notification of the finding results by Bank Indonesia.
- 2) The action plan as intended in point 1) shall be fulfilled in accordance with the fulfillment time limit proposed by the Sub-Registry by no later than 3 (three) months as from the notification of action plan of the Sub-Registry, including in the event of any change.

5. Attachment 3 is changed as included in Attachment 3 as an inseparable part of this Circular Letter.

The provisions in this Circular Letter shall be effective as from May 18, 2009.

For public cognizance, it is hereby ordered for this Circular Letter to be announced by publishing it in the Official Gazette of the Republic of Indonesia.

Please be informed accordingly.

BANK INDONESIA,

EDDY SULAEMAN YUSUF

DIRECTOR FOR MONETARY MANAGEMENT